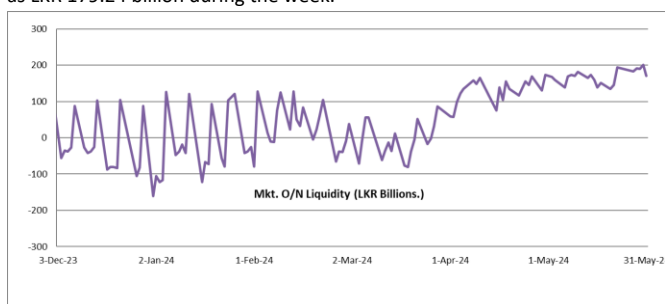


## Weekly review for the week ending 31st May 2024

### **Money Market:** Overnight Money market liquidity recorded a surplus on Friday.

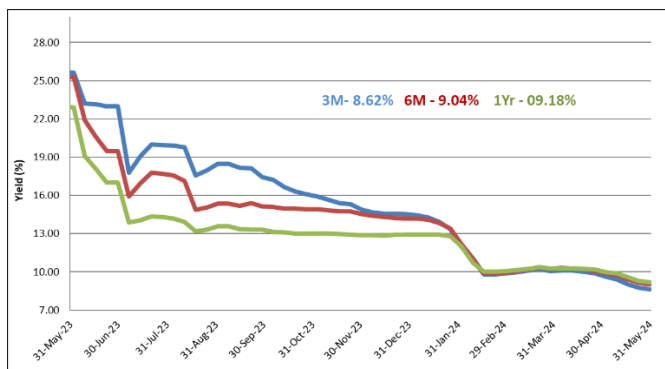
Overnight liquidity recorded a surplus of LKR 170.63 billion at the end of the week compared to the surplus of LKR 194.38 billion by the end of last week and overnight Repo was exchanged between 8.65%-9.15% in the market. The total gross volume of Repo transactions in the money market was recorded as LKR 179.24 billion during the week.



### **Government Securities Market Review**

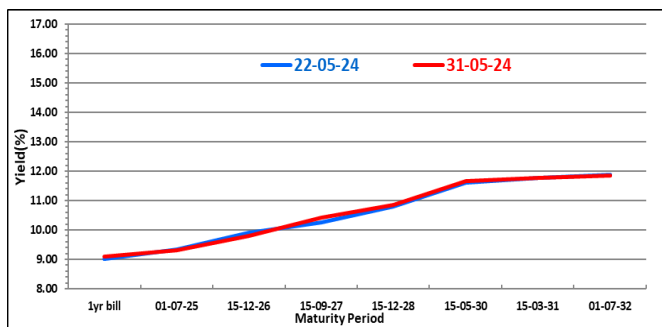
#### **Treasury Bill Market:** Treasury bill yields fall across maturities.

CBSL offered and accepted LKR 160 billion at the weekly T-Bill auction held on 29<sup>th</sup> May 2024. The weighted average rate of 91-days maturity reduced by 14 basis points to 8.62%, while 182-days and 364-days bills were accepted at weighted average rates of 9.04% (reduced by 13 basis points) and 9.18% (reduced by 11 basis points) respectively. Further to the T-bill auction, CBSL raised LKR 16,000 million from all three maturities at phase2.



#### **Treasury Bond Market:** Secondary Bond market activities remain moderate.

The secondary bond market activities remain moderate during the week. Most liquid maturities were 01.07.2028 & 15.10.2030. Maturities were closed for the week at 10.80%/10.90% & 11.60%/11.75% respectively.

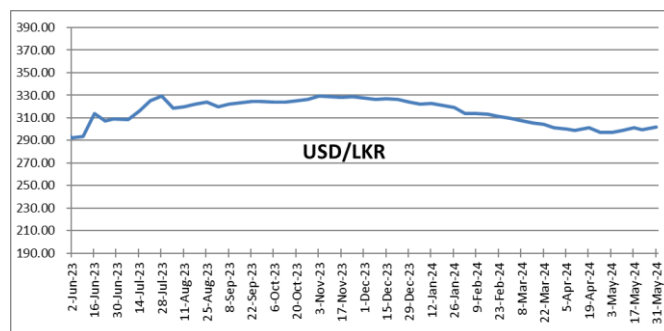


### **International Forex Market**

The US dollar index extended its mid-session decline to the 104.2 mark on Friday after a batch of data pointed to an economic backdrop that could favor less restrictive monetary policy by the Federal Reserve. The dollar Index that tracks the greenback against a basket of other currencies was at 104.86 as of writing.

### **Local Forex Market**

In the Forex market, the indicative middle rate for USD/LKR published by CBSL was Rs. 301.89 on Friday. The total USD/LKR traded volume from 22<sup>nd</sup> May to 30<sup>th</sup> May 2024 was \$ 176.45 million.



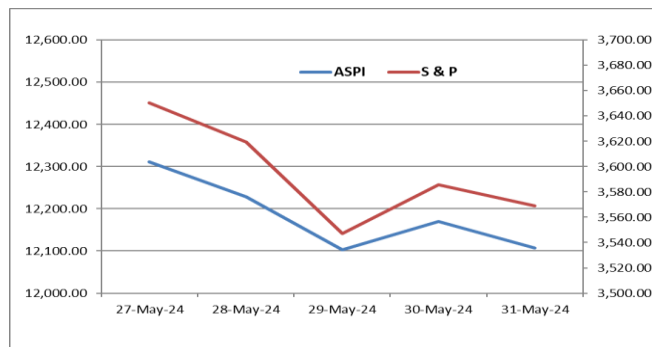
### **Commodity Markets**

- **Oil:** Crude futures between \$77 - \$83 per barrel on Friday, marking a 6% decline for the month, the worst performance since November. This drop comes ahead of the weekend OPEC+ meeting, where members are expected to extend supply cuts into 2025 and review voluntary cuts of 2.2 million barrels per day. Crude oil WTI futures and Brent crude futures were trading at \$77.80 and \$82.02 as of writing.
- **Gold:** Gold prices rebounded to trade above the \$2,350 per ounce mark on Friday, after PCE inflation figures for the US offered investors some support the Fed has room to cut interest rates this year. The odds for a Fed's ease increased slightly for September, November and December. Gold futures were traded at \$ 2,343 as of writing.

### **Economic updates – Local**

- Sri Lanka inflation 2.5% in 20-months to May 2024.
- Sri Lanka retail sales picking up, private credit expected to follow.
- Sri Lanka keeps policy rates unchanged.

### **Stock Market:**



At the end of the week the ASPI had lost 242.35 points to close at 12,106.49 while the S & P SL20 index, which tracks the largest capitalized stocks traded in the CSE, lost 97.85 points, and ended at 3,569.04. The average turnover for the week ending 31.05.2024 was around LKR 985.95 million.